

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02234A

H2O, Inc.
41502 N. Schnepf Rd.
San Tan Valley, AZ 85140

RECEIVED

APR 27 2011

ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2010
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FOR COMMISSION USE

ANN 04	10
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4-7-11

COMPANY INFORMATION

Company Name (Business Name) _____ H2O Inc.

Mailing Address _____ 41502 N Schnepf Road

(Street)

San Tan Valley

Arizona

85140

(City)

(State)

(Zip)

(480) 491-6971

(480) 491-6739

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address _____ 41502 N. Schnepf Road

(Street)

San Tan Valley

Arizona

85140

(City)

(State)

(Zip)

(480) 491-6971

(480) 491-6739

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: _____ Donald Schnepf _____ President

(Name)

(Title)

41502 N Schnepf Road

San Tan Valley

Arizona

85140

(Street)

(City)

(State)

(Zip)

480-491-6971 ext. 107

480-491-6739

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____ donald@futureone.com

On Site Manager: _____ Doug Odom _____

(Name)

41502 N Schnepf Road

San Tan Valley

Arizona

85140

(Street)

(City)

(State)

(Zip)

480-491-6971

480-491-6739

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____ doug@h2oincwater.com

Statutory Agent: Darel Schnepf

(Name)

11051 E Balancing Rock Rd Scottsdale Arizona 85262

(Street)

(City)

(State)

(Zip)

480-491-6971

480-491-6739

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Patrick Black - Fennemore Craig

(Name)

3003 N Central Avenue #2600

Phoenix

Arizona

85012-2913

(Street)

(City)

(State)

(Zip)

602-916-5000

602-916-5600

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|---|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

H2O Inc.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises	136,839.00	0.00	136,839.00
303	Land and Land Rights	7954.00	0.00	7954.00
304	Structures and Improvements	2,437,796.09	180,739.40	2,257,056.69
307	Wells and Springs	1,080,796.76	120,853.07	959,943.69
311	Pumping Equipment	6,034,376.43	2,958,873.71	3,075,502.72
320	Water Treatment Equipment	78,467.90	14,433.33	64,034.57
330	Distribution Reservoirs and Standpipes	4,899,111.73	519,945.04	4,379,166.69
331	Transmission and Distribution Mains	11,727,505.60	1,196,725.88	10,530,779.72
333	Services	278,907.04	78,944.14	199,962.90
334	Meters and Meter Installations	2,995,369.81	1,116,923.86	1,878,445.95
335	Hydrants	118,496.07	15,887.20	102,608.87
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	141,916.06	56,415.20	85,500.86
341	Transportation Equipment	288,439.26	107,419.52	181,019.74
343	Tools, Shop and Garage Equipment	91,374.09	21,072.13	70,301.96
344	Laboratory Equipment			
345	Power Operated Equipment	38,611.35	24,746.90	13,864.45
346	Communication Equipment	244,471.71	116,008.30	128,463.41
347	Miscellaneous Equipment			
348	Other Tangible Plant	149,414.39	35,548.64	113,865.75
	TOTALS	30,749,847.29	6,564,536.32	24,185,310.97

This amount goes on the Balance Sheet Acct. No. 108

Less Retired Plant (36,202.38)

6,528,333.94

COMPANY NAME H2O Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises	136,839.00		
303	Land and Land Rights	7954.00		
304	Structures and Improvements	2,437,796.09	3.33%	63,625.69
307	Wells and Springs	1,080,796.76	3.33%	28,608.33
311	Pumping Equipment	6,034,376.43	12.50%	722,232.14
320	Water Treatment Equipment	78,467.90	3.33%	2,612.98
330	Distribution Reservoirs and Standpipes	4,899,111.73	2.22%	99,317.47
331	Transmission and Distribution Mains	11,727,505.60	2.00%	233,330.85
333	Services	278,907.04	3.33%	9,048.37
334	Meters and Meter Installations	2,995,369.81	8.33%	247,738.07
335	Hydrants	118,496.07	2.00%	2,353.13
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	141,916.06	6.67%	9,124.93
341	Transportation Equipment	288,439.26	20.00%	46,138.60
343	Tools, Shop and Garage Equipment	91,374.09	5.00%	4,339.18
344	Laboratory Equipment			
345	Power Operated Equipment	38,611.35	5.00%	1,719.65
346	Communication Equipment	244,471.71	10.00%	24,364.58
347	Miscellaneous Equipment			
348	Other Tangible Plant	149,414.39	5.00%	7,470.72
	TOTALS	30,749,847.29		1,502,024.69

272 Less CIAC amortization (314,156.98)
403 Current Year Retired Meters 4,440.65

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

1,192,308.36

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	1,711,655.82	774,879.21
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	315,720.59	339,531.08
146	Notes/Receivables from Associated Companies	3,185.80	6,000.00
151	Plant Material and Supplies		
162	Prepayments	124,479.00	
174	Miscellaneous Current and Accrued Assets	1,053,982.43	1,642,609.84
	TOTAL CURRENT AND ACCRUED ASSETS	3,209,023.64	2,763,020.13
	FIXED ASSETS		
101	Utility Plant in Service	27,562,896.81	30,749,847.29
103	Property Held for Future Use	1,236.00	1,236.00
105	Construction Work in Progress	2,494,921.73	43,002.25
108	Accumulated Depreciation – Utility Plant	-5,072,409.89	-6,528,333.94
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	24,986,644.65	24,265,751.60
	TOTAL ASSETS	28,195,668.29	27,028,771.73

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	42,098.90	47,122.98
232	Notes Payable (Current Portion)	11,526.00	12,217.55
234	Notes/Accounts Payable to Associated Companies	32443.96	32,443.96
235	Customer Deposits	165,474.61	223,961.61
236	Accrued Taxes	28,014.98	49,069.89
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	279558.45	364,815.99
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	144,055.49	131,837.83
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	13,509,201.13	11,346,201.68
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	14,762,228.49	16,651,004.94
272	Less: Amortization of Contributions	-1,463,834.09	-1,777,991.07
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	26,807,595.53	26,219,215.55
	TOTAL LIABILITIES	27,231,209.47	26,715,869.37
	CAPITAL ACCOUNTS		
201	Common Stock Issued	38,785.47	38,785.47
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	925,673.35	274,116.89
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	964,458.82	312,902.36
	TOTAL LIABILITIES AND CAPITAL	\$28,195,668.29	\$27,028,771.73

COMPANY NAME	H2O Inc.
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COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	4,008,279.21	4,206,650.46
460	Unmetered Water Revenue		
474	Other Water Revenues	119,796.48	146,050.42
	TOTAL REVENUES	4,128,075.69	4,352,700.88
	OPERATING EXPENSES		
601	Salaries and Wages	1,548,032.98	1,640,049.83
610	Purchased Water	110,539.04	58,937.44
615	Purchased Power	359,268.32	377,649.03
618	Chemicals	8,345.31	10,069.23
620	Repairs and Maintenance	154,259.63	116,509.50
621	Office Supplies and Expense	42,362.83	50,415.26
630	Outside Services	218,121.74	47,190.19
635	Water Testing	28,134.92	11,418.37
641	Rents	348,285.99	351,653.47
650	Transportation Expenses	89,649.52	74,010.27
657	Insurance – General Liability	60,156.00	43,022.00
659	Insurance - Health and Life	66,996.98	98,617.79
666	Regulatory Commission Expense – Rate Case	1,633.39	22,659.04
675	Miscellaneous Expense	188,968.40	276,467.96
403	Depreciation Expense	1,068,544.87	1,192,308.36
408	Taxes Other Than Income	96,587.57	104,818.63
408.11	Property Taxes	170,811.88	106,004.74
409	Income Tax	-422,525.00	-549,127.00
	TOTAL OPERATING EXPENSES	4,138,174.37	4,032,674.11
	OPERATING INCOME/(LOSS)	-10,098.68	320,026.77
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	25,669.24	838.39
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	-11,761.85	-9921.62
	TOTAL OTHER INCOME/(EXPENSE)	13,907.39	-9083.23
	NET INCOME/(LOSS)	3808.71	310,943.54

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	1985	1999		
Source of Loan	Well & Pump Purchase	WIFA		
ACC Decision No.	56327	62620		
Reason for Loan	Backup Source Well	New Source Pump & Storage		
Dollar Amount Issued	\$40,000.00	\$ 254,117.00	\$	\$
Amount Outstanding	\$32,443.96	\$ 165,621.79	\$	\$
Date of Maturity	OPEN	2021		
Interest Rate	9.0%	5.84%	%	%
Current Year Interest	\$	\$ 4,882.55	\$	\$
Current Year Principle	\$	\$ 11,526.11	\$	\$

Meter Deposit Balance at Test Year End	<u>\$1,478,718.79</u>
Meter Deposits Refunded During the Test Year	<u>\$ 243,994.28</u>

COMPANY NAME	H2O Inc.
Name of System:	ADEQ Public Water System Number: 11-060

**WATER COMPANY PLANT DESCRIPTION
WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-605835 (1)	200	1100	1200'	20/16	6"	1950
55-605837 (3)	200		1200'	16/14	8"	1966
55-605834 (4)	300	1250	1200'	16/14	10"	1966
55-605836 (2)	N/A	N/A	1200'	20/16	N/A	1950
55-625006 (CG)	300	1400	940'	16	10"	1972
55-609158 (PCN)	300	1200	878'	16	10"	1946
55-609159 (PCS)	300	1200	906	12	10"	1946
55-086441 (SheaT.)	400	2000	1285	18	10"	1981
55-618025 (Gantzel)	300	1950	1136	20	10"	1978
55-214521 (Barnes)	300	1000	1000	18	10"	2008

*Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Town of Queen Creek Water Co.	N/A	1856.900

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
100	12	838	
50	28		
25	3		
15	7		
60	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
See Attached Table -1		5000 gal	12

***Note: If you are filing for more than one system, please provide separate sheets
for each system.***

H2O, INC.
SOURCE and STORAGE CAPACITIES
USED-AVAILABLE-FUTURE

TABLE-1 AS OF 4/6/2011

STORAGE:							
SIZE Dia x H	TANK ID	PLANT ID	SUBDIVISION AREA	ADEQ FILE #	STORAGE CAPACITY		
33 x 32	Tank-1	Main Plant	QCR	20080579	869,340	EPDS-001	In-Use
52 x 32	Tank-2	Main Plant	QCR	20000176	508,368	EPDS-001	In-Use
40 x 32	Phase A	Links/Cambria	Links/Cambria	990239	300,810	In System	In-Use
63.5 x 32	Phase B	Links/Cambria	Links/Cambria	20010125	758,087	In System	In-Use
68 x 32	Tank-1	Castlegate	Castlegate	20020165	869,340	EPDS-002	In-Use
68 x 32	Tank-2	Castlegate	Castlegate	20020165	869,340	EPDS-002	In-Use
68 x 32	Tank-1	Pecan Creek North	Pecan Creek North	20040021	869,340	EPDS-003	In-Use
68 x 32	Tank-2	Pecan Creek North	Pecan Creek North	20040021	869,340	EPDS-003	In-Use
78 x 24	Tank-1	Pecan Creek South	Pecan Creek South	20050521	857,871	EPDS-004	In-Use
78 x 24	Tank-2	Pecan Creek South	Pecan Creek South	20050521	857,871	EPDS-004	In-Use
125 x 24	Tank-1	Shea Water Plant	Shea Encanterra	20060776	2,203,195	EPDS-005	In-Use
125 x 24	Tank-1	Gantzel Water Plant	Maracay/Circle Cross 3	20050952	2,203,195	EPDS-006	In-Use
125 x 24	Tank-1	Barnes Plant	Ironwood Crossing	20070222	2,203,195	EPDS-007	In-Use
125 x 24	Tank-1	Church Farm	Church Farm	Future	2,203,195	EPDS-008	In design
BOLD indicates In-Use or available backup * (construction A/B submitted to ADEQ for Approval of Construction "AOC")							

COMPANY NAME	H2O Inc.
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4	DIP	4403
4	PVC	7,663
5		
6	DIP	24929
6	PVC	262,805
8	DIP	329
8	PVC	299,832
10	DIP	82
10	PVC	11,453
12	DIP	847
12	HDPE	1,888
12	PVC	140,780

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	237
3/4	8114
1	246
1 1/2	48
2	129
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1 – Capital Control Gas Chlorinator _____
 7- Regal Gas Chlorinator _____

STRUCTURE:

Electric Service Entrances on Wells: 1,3,4, Castlegate, Pecan Creek North, Pecan Creek South, Shea T., Gantzel & Barnes _____
 Electric Service Entrances on Booster Plants: Main, Links, Castlegate, Pecan Creek N., Pecan Creek S., Shea T., Gantzel & Barnes _____
 Chlorine enclosures at: Main, Well #4, Castlegate, Links, Pecan Creek N., Pecan Creek S., Shea T., Gantzel & Barnes _____
 Steel Shade over Pumps & Elect. Equipmt at: Main, Links, Castlegate, Pecan Creek N., Pecan Creek S., Shea T., Gantzel & Barnes _____
 8' Block Walls at: Main, Well #4, Links, Castlegate, Pecan Creek N., Pecan Creek S., Shea T., Gantzel & Barnes _____
 Chain Link Fence at Well #3 _____

OTHER: _____

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	H2O Inc.
Name of System:	ADEQ Public Water System Number: 11-060

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	8572	67,573	75,646	79.799
FEBRUARY	8610	51,794	59,794	42.639
MARCH	8629	55,863	60,983	42.266
APRIL	8652	87,806	96,168	114.158
MAY	8671	104,235	110,633	149.571
JUNE	8687	149,853	156,853	395.206
JULY	8706	146,320	166,017	201.623
AUGUST	8730	138,348	148,200	222.773
SEPTEMBER	8735	122,942	147,521	263.235
OCTOBER	8747	94,838	105,593	118.196
NOVEMBER	8763	101,534	134,151	126.638
DECEMBER	8774	70,000	82,593	100.796
TOTALS →		1,190,874	1,348,058	1,856.900

What is the level of arsenic for each well on your system? See Attached List mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1500 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
(X) Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
(X) Yes () No

If yes, provide the GPCPD amount: 100

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	H2O Inc.
Name of System:	ADEQ Public Water System Number: 11-060

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		37	
FEBRUARY		40	
MARCH		42	
APRIL		36	
MAY		45	
JUNE		62	
JULY		67	
AUGUST		69	
SEPTEMBER		102	
OCTOBER		91	
NOVEMBER		85	
DECEMBER		26 Meter Dep. Refunds in Nov. reduced Dec. Notices	
TOTALS →		702	

OTHER (description):

COMPANY NAME H2O Inc. YEAR ENDING 12/31/2010

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 92,281.75

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED
APR 19 2011
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Pinal
NAME (OWNER OR OFFICIAL) TITLE	Doug Odom – General Manager
COMPANY NAME	H2O Inc

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING


MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL

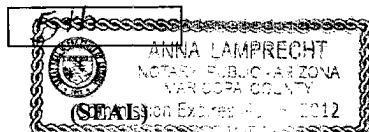
480-491-6971

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



COUNTY NAME	Maricopa	
MONTH	April	2011

MY COMMISSION EXPIRES March 6, 2012



SIGNATURE OF NOTARY PUBLIC

COMPANY NAME H2O Inc. YEAR ENDING 12/31/2010

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported Extension Filed
Estimated or Actual Federal Tax Liability

State Taxable Income Reported Extension Filed
Estimated or Actual State Tax Liability

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0.00
Amount of Gross-Up Tax Collected 0.00
Total Grossed-Up Contributions/Advances 0.00

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4/5/2011
DATE

Doug Odom
PRINTED NAME

General Manager
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
APR 27 2011
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Pinal
NAME (OWNER OR OFFICIAL) TITLE	Doug Odom – General Manager
COMPANY NAME	H2O Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 4,676,511.38

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 323,810.50
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



SIGNATURE OF OWNER OR OFFICIAL
480-491-6971

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

5th

DAY OF

COUNTY NAME	Maricopa	
MONTH	April	2011

(SEAL)



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES March 6, 2012

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
APR 07 2011
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

**I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME)	Pinal	
NAME (OWNER OR OFFICIAL)	Doug Odom	TITLE General Manager
COMPANY NAME	H2O Inc.	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 3,524,448.01

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 251,980.03
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**



SIGNATURE OF OWNER OR OFFICIAL

480-491-6971

TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 5th DAY OF**

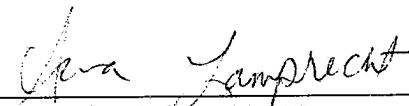
NOTARY PUBLIC NAME Anna Lamprecht	
COUNTY NAME Maricopa	
MONTH April	2011

(SEAL)

MY COMMISSION EXPIRES

March 6, 2012

X



SIGNATURE OF NOTARY PUBLIC